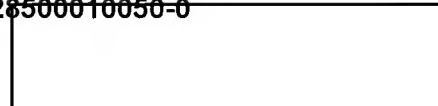


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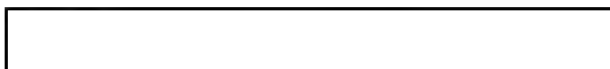


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State Dept. review completed

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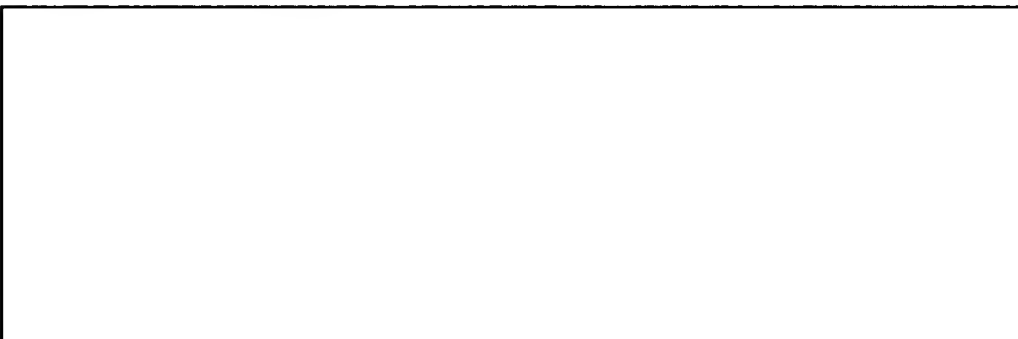
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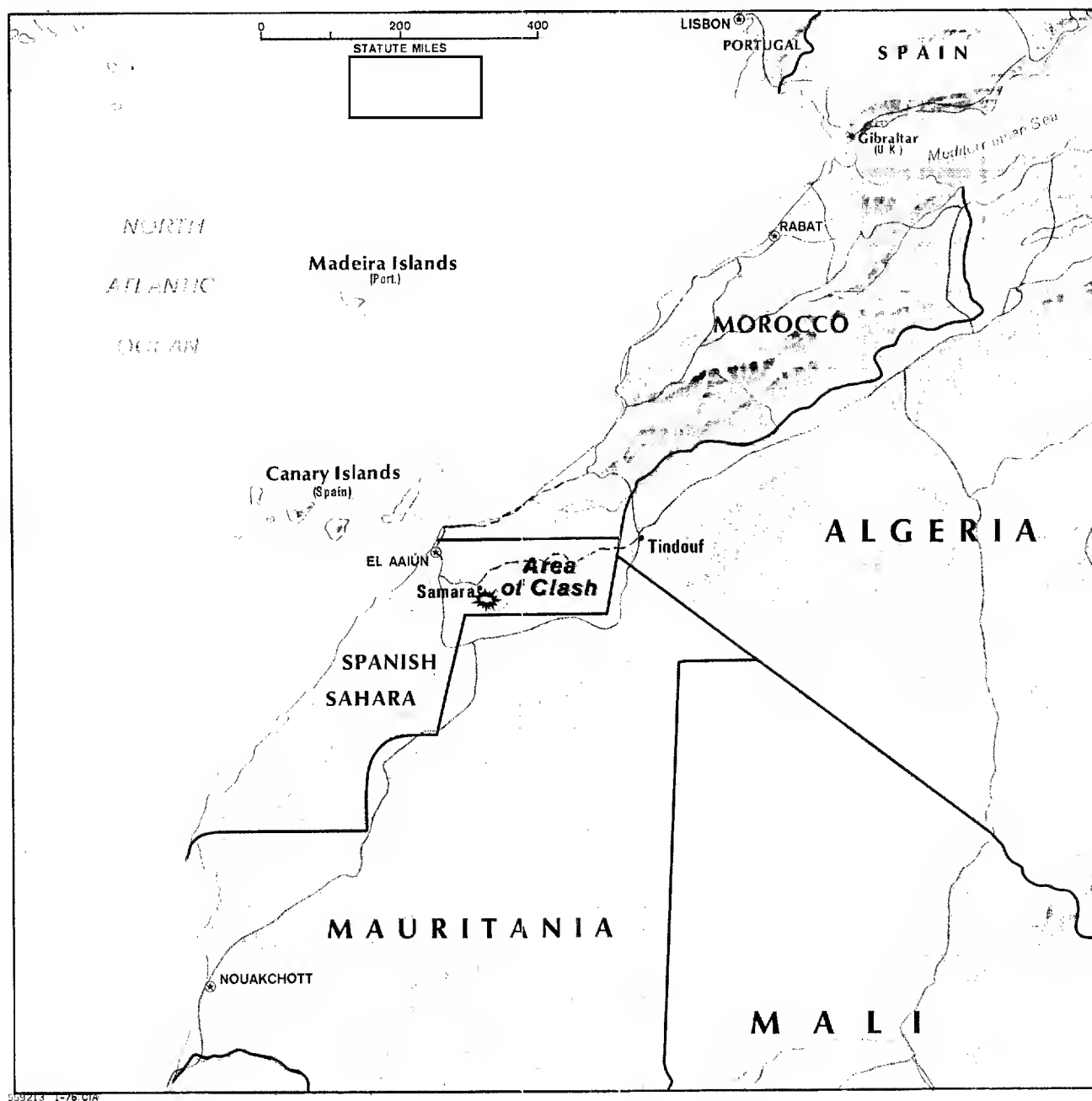
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ANNEX: Lines Blur Between
French Coalition and Opponents



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MOROCCO-ALGERIA

Moroccan forces yesterday occupied the oasis south of Samara, where clashes had occurred on Tuesday and Wednesday with Polisario guerrillas supported by Algerian military personnel. Fighting has apparently ended.

A Moroccan communique said some 100 Algerian soldiers, dozens of Polisario guerrillas, artillery, and a large quantity of ground-to-air missiles were captured. Algiers only admitted that its "supply column" supporting the Saharans had withdrawn from the area after an all-day engagement Wednesday with a much larger Moroccan force using aircraft and heavy weapons.

High-level envoys from Egypt, Syria, and Iraq have had little to say so far regarding their efforts to mediate between Algiers and Rabat.

Algeria called in the ambassadors of the permanent members of the UN Security Council yesterday to underscore its position in the dispute and its desire to avoid a war. A senior Foreign Ministry official, speaking on President Boumediene's instructions, termed Morocco's presence in the disputed territory "totally illegitimate." Stressing that the only solution to the problem is a referendum on self-determination, he urged all governments to cooperate with UN Secretary General Waldheim to ensure the application of UN principles and resolutions regarding Spanish Sahara.

The Algerian demarche, like the Moroccan overture on Wednesday, is almost certainly setting the stage for an appeal to the Security Council to discuss the matter as a threat to international security. According to a press report from Algiers, Foreign Minister Bouteflika sent a message to Waldheim yesterday saying the situation is a threat to the peace and stability of the region.

Algeria is also continuing to gear up its propaganda effort in support of the Polisario Front. In letters sent to all nations, Boumediene urged support for the principle of self-determination and stressed the determination of Saharans, led by the Front, to resist the Moroccan-Mauritanian take-over of the territory. He will use his considerable influence as self-proclaimed head of the nonaligned movement to whip up international support for the Front as a legitimate liberation movement.

The Algerians are undoubtedly responsible for a resolution reportedly passed by the OAU liberation committee at its meeting in Lourenco Marques last week recommending OAU recognition of the Polisario Front as the liberation movement of Spanish Sahara.

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LEBANON

After a week of relative calm, Lebanese leaders have turned their attention to the problem of rehabilitating the Lebanese army and security forces, which will ultimately be responsible for maintaining order. During the height of the hostilities, both the army and the security forces suffered casualties and many defections and, in effect, ceased to function as effective forces.

According to most accounts, the security forces, which are predominantly Muslim, divided along religious lines during the last days of the fighting. Many of their posts were either abandoned or occupied by Muslim and Palestinian forces. These facilities have been returned to the government, but they have been stripped of most equipment, weapons, and vehicles.

The army is in somewhat better shape, although it also suffered heavy losses during the struggle to protect Christian territory south and east of Beirut. [REDACTED]

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The Syrian-Lebanese-Palestinian peace commission set up to monitor the truce has given the army limited policing duties in Beirut's commercial district and apparently plans to use the army eventually in other key areas of the city. This would be done not only to boost the army's morale but also to lower the profile of Palestinian troops—whose presence in Beirut has begun to generate resentment even among Lebanese Muslims.

Prime Minister Karami, sensing the growing controversy over the role of Palestinian forces in Lebanon, expressed a sense of urgency yesterday over rebuilding a national armed force. The general collapse of the government's administrative structure, however, will make the task very difficult. A universal conscription law recently passed by parliament could eventually be used to strengthen the military and more carefully regulate its religious composition.

President Franjiah's proposed trip to Damascus continues to be delayed because of haggling over terms of the political settlement proposed by President Asad. Syrian Foreign Minister Khaddam returned to Beirut yesterday, presumably to speed up the negotiations.

One of the sticking points, according to the press, involves Christian insistence that the office of president be held only by Maronite Christians. Some Muslims reportedly feel the presidency should be open to any Christian; others apparently are willing to give the Maronites this exclusive right, but object to putting the understanding in writing. [REDACTED]

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ICELAND-UK

Britain has given Iceland until tomorrow to accept its terms for a new fishing agreement or face the return of British frigates to the disputed waters.

The British terms that Prime Minister Hallgrimsson took back to Reykjavik on January 27 came close to meeting Iceland's demands prior to the breakdown of the last round of talks in November. Iceland's position has hardened in the meantime, and Hallgrimsson is confronted with the difficult task of trying to sell the compromise to an increasingly brittle coalition, in addition to the Icelandic public, which now is inclined to favor total exclusion of foreign fishermen from offshore waters.

London wants an agreement limiting its catch this year to 80,000 tons, of which 65,000 tons would be cod. Because of coalition pressures, however, Hallgrimsson was able to offer only 45,000 tons of cod—a reduction of 10,000 tons since the last talks—plus 15,000 tons of other species.

The leader of the coalition Progressive Party has insisted that the US and NATO be asked to press Britain to make even more concessions, but Hallgrimsson has declined. The opposition parties, and even elements of Hallgrimsson's Independence Party, share the Progressive view that minimal concessions, if any, were in order.

Foreign Minister Agustsson believes the return of British frigates would be certain to bring down Hallgrimsson's coalition. As tensions rise, Agustsson also expects further harassment of NATO facilities in Iceland and renewed questioning of Iceland's participation and, ultimately, membership in NATO.

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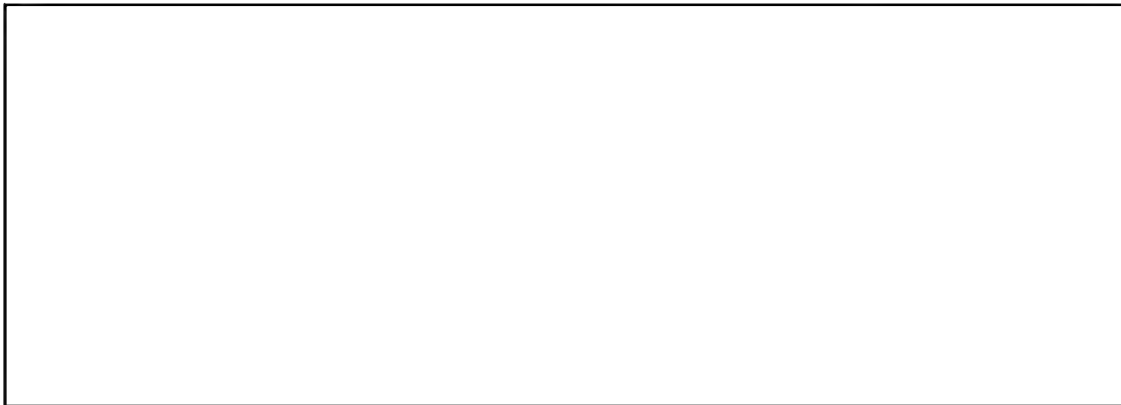
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IRAQ

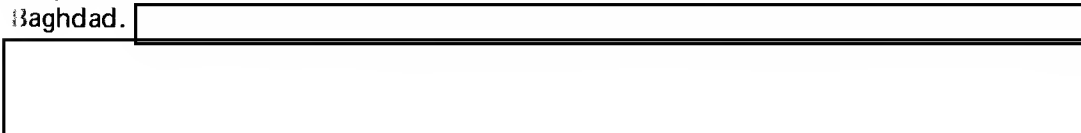
Reports of an abortive coup attempt earlier this week have been circulating in Baghdad. The US interests section reported yesterday that the situation appeared normal, but the persistence of the reports indicates that some kind of incident may have occurred involving parts of the military and perhaps some civilian officials.

Radio Baghdad continues to broadcast normally. In the past few days, it has carried news items on routine diplomatic activities of President Bakr and Saddam Husayn, the Iraqi strong man.



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Stories of plotting against the regime began to make the rounds in the capital earlier this month. At that time, the US interests section reported that three or four Iraqi ambassadors had been implicated in the plotting and had been recalled to Baghdad.



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The appointment earlier this month of Saddam Husayn, a civilian, to the rank of general probably ruffled a number of senior military officers, with whom he has never been widely popular. They would be particularly upset if they saw the move as a prelude to Saddam's appointment to minister of defense, a post consistently given to military men since the army overthrew the monarchy in 1958. Moreover, the elevation of Saddam—who heads the civilian faction of the ruling Baath Party—may have shaken the uneasy balance between the military and civilian wings.



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INDONESIA-TIMOR

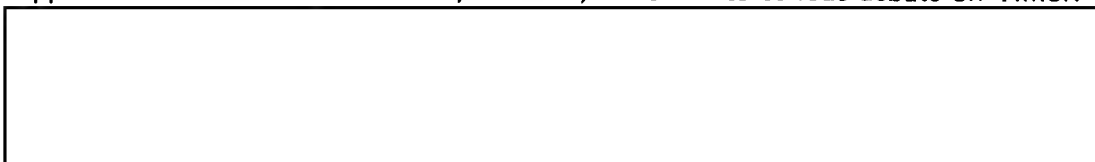
The Indonesians appear to have successfully stagemanaged the visit of a UN fact-finding mission to Timor.

Following his return to Jakarta on January 22, Secretary General Waldheim's personal representative said that he had detected no sign of Indonesian military forces. He professed himself impressed that the pro-Indonesian Timorese in Dili had the civil administration functioning and had even included some former members of Fretilin.

The carefully coached Indonesian-controlled Timorese assured the representative that they are now in control. They said they did not want any referendum on the island's future because they had already decided to integrate with Indonesia. They used poor weather and lack of adequate landing fields as excuses to frustrate the fact-finder's plans to visit areas not yet under full Indonesian control.

Lisbon on January 28 offered to carry the fact-finder to the southern coast aboard one of the Portuguese frigates that has been operating in the Timor area. The UN representative has in the past avoided travel on military transport, but he has been unable so far to reach Fretilin areas by other means. Before Lisbon's offer, the envoy said he was prepared to return to the UN without visiting Fretilin territory.

Jakarta's unwillingness to allow the UN team to contact representatives of Fretilin may lead to criticism of the Indonesians in the final report. There still appears little sentiment at the UN, however, to return to serious debate on Timor.



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MEXICO

Mexico's ruling Institutional Revolutionary Party will apparently have no opposition in the presidential election this July.

The party's only serious challenger, the National Action Party, failed to nominate a candidate at its convention this week and will apparently sit out the election. The other opposition parties support Jose Lopez Portillo, the governing party's candidate.

An election victory for the dominant Institutional Revolutionary Party is assured whether the opposition puts up a candidate or not. The party, however, would feel more comfortable with at least token opposition. Without it, the party's rhetoric about an open political process rings hollow. A challenge probably would also make it easier for the party to overcome factionalism in its own ranks.

Conservatives in the government party are dissatisfied with both the candidate and the manner of his selection. Party factions are variously embroiled in attacks against state governors, land disputes, labor quarrels, and agitation to further their own interests.

For Lopez Portillo, the absence of an opponent means that his campaign is likely to continue to be punchless. He has yet to establish a political identity or to develop a power base separate from that of his mentor, President Echeverria. Lopez Portillo's stature will gradually increase, but there is a possibility that he will still not have enough personal political power when he takes over as president next December to make difficult and potentially unpopular decisions.

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FOR THE RECORD

OAU-ANGOLA: Sierra Leone yesterday announced its official recognition of the Popular Movement as the sole legitimate government of Angola. The recognition gives the Popular Movement the support of 24 of the 46 members of the Organization of African Unity. Sierra Leone's action followed visits to Freetown by delegations from Guinea, Nigeria, and Tanzania. Togo and Upper Volta, also under pressure from the Popular Movement's partisans, may be next to abandon a neutral position. If the OAU ministerial-level meeting set for March takes place, the Popular Movement will probably have little trouble in being seated as the government of Angola.



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ANNEX

LINES BLUR BETWEEN FRENCH COALITION AND OPPONENTS

Maneuvering by France's leading political parties is blurring the lines between the government coalition and the opposition left alliance and weakening cohesion within both.

In conversations with a US embassy officer last week, a leader of the French Socialist Party took positions that would be difficult for the Socialists' Communist partners to swallow. The official reiterated the "fundamental reassurances" given by party chief Francois Mitterrand during his visit to the US last November. He said that the Socialists still believe France ought to seek West European integration and remain in NATO. He added that the party leadership is preoccupied with European security, which "we understand can be found only through a privileged relationship with the US."

If the Socialists came to power in France, the official continued, they would continue to support arms standardization and other forms of technical cooperation within NATO. He also noted that his party had recently assured the government that it would support a proposal calling for the direct election of France's representatives to the European parliament.

Other reports have indicated that Mitterrand has asked his advisers to look into policy options on the economy, energy, foreign policy, and multinational companies, without regard for the Socialists' common program with the Communists.

Mitterrand's assurances to the US and his orders to his staff suggest that he is at least considering moving closer to the government on some issues. Mitterrand will be careful not to overemphasize these attitudes publicly.

Since the publication in mid-1972 of the Socialist-Communist "common program for governing," the Socialists have played down favorable attitudes toward such issues as NATO and European integration in order to expand their constituency to the left. Recently, the party has grown rapidly at the expense of its Communist allies.

Marchais' Softer Line

Concern over the Socialists' success in appealing to Communist voters led Communist chief Georges Marchais late last year to begin to reorient his own policies in order to regain lost ground and convince non-Communist voters that his

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party would act responsibly if brought to power in France. His softer line has served to reduce some of the tension between Communists and Socialists, but the two parties still have deep differences on many major issues.

The Communists, for instance, have not diluted their nationalistic positions on defense, European unity, relations with the US, and multinational companies. Their opposition to arms standardization in NATO and to direct election of a European parliament, for example, underlines their community of interest with the Gaullists rather than with the Socialists.

A leading orthodox Gaullist has, in fact, indicated a willingness to join forces with Communist deputies to defeat the government on the proposal for an elected European parliament. This sort of suggestion raises concern among Socialists over the possibility that Communist leaders will be able to exploit this coincidence of interests to initiate collaboration with the orthodox Gaullists in parliament. The Socialists worry that this would not only isolate them in parliament, but might also aggravate division in the party.

While formal collaboration does not seem likely, Prime Minister Chirac is reported to be concerned that the Communists' more flexible line might enable the orthodox wing of his own Gaullist party to work with the Communists against some government programs.

Government Woos Leftists

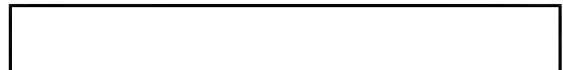
These problems within the left alliance are welcomed by government leaders who are working to attract leftists into the majority. Interior Minister Poniowski is taking the lead in this effort, despite some skepticism about it on the part of President Giscard. The President reportedly expects to win over some left Radicals, who are the junior partner in the Socialist-Communist left alliance, but has little hope of wooing any Socialist as long as Mitterand controls the party.

The President lacks Poniowski's confidence, but undoubtedly recognizes that even if explicit cooperation with leftists does not develop, his coalition's only means of strengthening its majority is to appeal to the large block of uncommitted voters who recently seem to have been leaning toward the Socialists.

All this maneuvering is a first stage of the campaign for the next legislative election, which must be held before March 1978. Each party seems to believe that this race will be a watershed that sets the course of French politics for years to come.

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